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MACROECONOIC POLICY QUESTIONS: TRADE AND DEVELOPMENT

Midrand Declaration and A Partnership for Growth and Development

Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the General Assembly the report on the ninth session of the United Nations Conference on Trade and Development, entitled "Midrand Declaration and A Partnership for Growth and Development", adopted at Midrand, South Africa, on 11 May 1996.

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MIDRAND DECLARATION

We, the member States of the United Nations Conference on Trade and Development (UNCTAD), gathered at Midrand, South Africa, for the ninth session of the Conference agree and state:

UNCTAD IX was characterized by frank assessments of the functioning of UNCTAD made during the round tables of heads of State, multilateral agencies and ministers. This inspired member States to build a more effective organization capable of implementing its mandate in a changing world.

In 1992, UNCTAD VIII heralded The Spirit of Cartagena, a partnership for development. This was a clear recognition of the need for a new approach to assisting development. Four years later, it is clear that further vigorous initiatives are necessary to translate that spirit into reality.

Since Cartagena, the United Nations has held important global conferences on major economic and social themes. These have identified changes and challenges in the global economy, and highlighted the need for reform of the United Nations system. In addition, the creation of the World Trade Organization (WTO) has strengthened the rules-based trading system and furthered the process of liberalization, opening new opportunities for sustainable development and growth.

UNCTAD IX has responded to these changes and challenges by initiating important reforms designed to give new and real meaning to the partnership for development.

Globalization

Our economies continue to be unified by flows of trade, finance, information and technological change. This increased interdependence is a powerful impetus to liberalization of these flows. Competitive pressure on all economies has increased, and market forces play a pivotal role. The rules-based system of WTO will facilitate positive integration of countries into the global trading system if the commitment to this objective is strengthened.

However, we must recognize that countries enter this system from very different starting points. Accordingly, the impact of globalization and liberalization is uneven. There are notable developing country successes where domestic reforms have provided increased dynamism to international trade and investment. Yet there remain problems of access to markets, capital and technology, and many grapple with the institutional transformation necessary for meaningful integration into the world economy.

The least developed countries (LDCs), particularly those in Africa, and other developing countries remain constrained by weak supply capabilities and are unable to benefit from trade. Marginalization, both among and within

countries, has been exacerbated. Too many people continue to live in dire poverty. As we near a new millennium this is an intolerable situation.

It is in the interest of all countries that a mutually beneficial multilateral trading system continues to develop. This requires the recognition of differential impacts on countries and the solidarity necessary to ensure that all will benefit - a true partnership for development.

Partnerships

The partnership for development must be based upon a clear definition of roles, the establishment of common objectives and development of joint action. In practical terms this means:

(i) Strengthening intergovernmental cooperation between developed and developing countries;

(ii) Cooperation between developing countries should be enhanced with special attention to LDCs;

(iii) More effective coordination and complementarity of multilateral institutions;

(iv) The mobilization of human and material resources towards development through dialogue and common action between Governments and civil society;

(v) Partnerships between the public and private sector to achieve higher growth rates and greater development.

The work of UNCTAD

The UNCTAD mandate remains relevant as the focal point for dealing with trade and related issues of development. It must build upon its comparative advantage and offer support appropriate to the needs of developing countries to ensure that they participate in the world economy on a more equitable basis.

UNCTAD policy research and analytical work must illuminate the changes in the global economy as they relate to trade, investment, technology, services and development. Such work must facilitate policy formulation within member States as they strive for development. It must lead to constructive policy dialogue among member States to enhance benefits of trade. It must respond to different and changing developmental needs in the ongoing process of integration in the global economy.

Policy formulation assistance requires appropriate technical support and cooperation in order to achieve concrete results. It is essential that special attention is paid to creating an overall enabling environment at a policy and institutional level for the LDCs.

In enhancing technical cooperation, UNCTAD will strengthen its cooperation and coordination with WTO and other multilateral institutions. Developing countries themselves are increasingly contributing to technical cooperation.

Member States must also be supported as they build transparent and accountable governance and administration in all sectors of society. This enhances trade and investment.

Institutional reform of UNCTAD

The comprehensive United Nations reform process is designed to refocus and reinvigorate international cooperation for peace and development. UNCTAD IX and the Secretary-General of UNCTAD have made a significant contribution to this process through the comprehensive changes that have been adopted. These changes support the more focused work of UNCTAD through streamlining the intergovernmental machinery, improving the method and quality of expert input and focusing and integrating the secretariat's working methods. The results of these changes must be outputs that respond to the needs and demands of the member States.

In a rapidly changing environment it is essential to maintain the relevance of an organization's work. This can only be done through improved accountability based on assessment, review and transparency of operation. The UNCTAD Trade and Development Board must perform this oversight role.

To build on the political commitment of member States to the process initiated at this Conference and ensure its implementation, the President of UNCTAD IX should consider convening a special high-level review meeting two years prior to UNCTAD X.

Partnership initiatives

The Secretary-General of UNCTAD will convene a meeting with actors in development to advise him on how to enhance the participation of civil society in UNCTAD to build a lasting partnership for development between non-governmental actors and UNCTAD.

South Africa, as President of UNCTAD IX, in consultation with its regional partners and the Secretary-General of UNCTAD, will host a workshop on the partnership between the public and private sectors in mobilizing resources for development. The focus will be on the role of this partnership for LDCs and how other developing countries can work together with LDCs. South Africa will request the Asian Group and the Latin American and Caribbean Group to share their experience in this regard. It is appropriate that such a workshop take place in Africa, where the majority of LDCs are located.

South Africa to Thailand

At no time in world history has the destiny of all its many different peoples been so intertwined. This must lead to solidarity in action to eradicate poverty. It has been correctly stated in this Conference that no one can do for us what we will not do for ourselves. Our challenge is to ensure that all human rights and fundamental freedoms, including the right to development as an integral part of fundamental human rights, are promoted and protected.

Starting in South Africa - a country which chose a path of rejuvenation and hope - UNCTAD will traverse four years to Thailand - a country where significant progress has been achieved. When we reflect back on this path in the year 2000, may it be in the knowledge that our solidarity has improved the lives of people.

A PARTNERSHIP FOR GROWTH AND DEVELOPMENT

I. PROMOTING GROWTH AND SUSTAINABLE DEVELOPMENT IN A GLOBALIZING AND LIBERALIZING WORLD ECONOMY

A. Challenges arising from globalization and liberalization among countries facing different circumstances

1. The globalization of production and the liberalization of trade offer opportunities for all countries and enable developing countries to play a more active role in the world economy. At the same time, these processes have also increased the complexity and challenges involved in interdependence, increasing the risks of instability and marginalization. Technological advances, the increased mobility of production factors, and in some cases regional trading arrangements have opened the door to the prospect of considerable gains in productivity and wealth creation. Some developing countries are already reaping the benefits. Others are less well placed to seize these opportunities. In principle all should benefit if Governments create the necessary conditions for promoting sustainable development, economic growth and stability. Effective international support can help those at risk of exclusion to address the challenges and take advantage of the opportunities, especially the LDCs and other structurally weak economies.

2. A particular challenge for the international community is the integration of developing countries into the global economy. Many of these countries, particularly in Africa, risk being left behind and marginalized in world trade, investment, commodities and capital markets. Ongoing intensive efforts are needed to help developing countries, in particular the least developed countries, to benefit from the process of global trade liberalization.

3. The full benefits of globalization and liberalization can materialize only if women are able to participate effectively in economic, social and political development. The Platform for Action adopted by the Fourth World Conference on Women held that insufficient attention has been given to gender analysis in the formulation of economic policies and structures. Women are vital agents of change. Therefore, policies and programmes need to integrate a gender perspective in order to contribute to the empowerment of women and to achieve equality between women and men in all sectors of the economy.

4. The challenge at the national and international levels is to create the conditions that will allow the flows of world investment and trade to help bridge the economic and social disparities among and within nations. Towards that end, the Conference reaffirms the partnership for development.

1. Globalization and development

5. In the 50 years since the United Nations was established, the concept of development has evolved significantly. From a narrow focus on economic growth and capital accumulation, development has come to be widely understood as a

multidimensional undertaking, a people-centred and equitable process in which the ultimate goal of economic and social policies must be to better the human condition, responding to the needs, and maximizing the potential, of all members of society. To be sustainable, development must meet the needs of the present without compromising the ability of future generations to meet their own needs.

6. The international community is confronted with a perpetuation of disparities between and within nations, worsening of poverty, hunger, ill health, illiteracy, high unemployment and underemployment, and the continuing deterioration of the ecosystem on which well-being depends. However, integration of environment and development concerns and greater attention to them will lead to the fulfilment of basic needs, improved living standards for all, better protected and managed ecosystems and a safer, more prosperous future. No nation can achieve these objectives on its own. They can only be achieved through a global partnership for sustainable development consistent with the outcome of the Rio Summit and other relevant international conferences in this regard.

7. Broadly based growth is a necessary condition for the economic, technological and social transformation of societies in developing countries. But for economic growth to accelerate and to be widespread and sustainable, the international community should promote cooperation based on broadly shared conceptions of development problems. Democracy and transparent and accountable governance and administration in all sectors of society are indispensable foundations for the realization of people-centred sustainable development. To ensure that the political framework supports the objectives of social development, which along with economic growth and environmental protection is a component of sustainable development, it is essential for social development that all human rights and fundamental freedoms, including the right to development as an integral part of fundamental human rights, are promoted and protected. In this regard, the important principles and programmes of action from the global United Nations conferences on environment, human rights, population, social development and women provide guidance for future action.

8. There is a range of non-governmental actors - civil society - whose participation is required to address appropriately the challenge of sustainable development. Companies, large and small and both domestic and transnational, private investors, non-governmental organizations, universities and research centres have a role to play in promoting sustainable development which was traditionally expected from the State. In most countries, Governments continue to play an essential role in a number of areas including: provision of basic infrastructure, ensuring the appropriate policy environment, stimulating the development of entrepreneurship and promoting or undertaking, as necessary, some functions which cannot for reasons of scale or externality be adequately initiated by the private sector.

9. Sustained economic growth requires creation of an enabling environment for the private/business sector. To create this environment, countries must ensure the efficient functioning of domestic markets, facilitate sufficient access to international markets, and create the best possible conditions for the competitiveness of their firms, particularly the micro, small and medium-sized enterprises which characterize developing countries. Further necessary

conditions include sound macroeconomic policies; encouragement of entrepreneurship and competition; and efforts to promote domestic savings and attract foreign capital, technology and know-how, as well as mobilizing capabilities towards sustainable development.

10. Regional economic arrangements have rapidly expanded to new countries and new policy areas and have continued to develop after the successful completion of the Uruguay Round negotiations. In many cases, they are able to complement and expand on what had been possible at the multilateral level. Regional economic arrangements should be outward-oriented and consistent with multilateral trade rules.

11. The outward-oriented reforms adopted by many developing countries allow them to participate more actively in world trade. The growth of these countries depends to an increasing degree on world trade and private capital to supplement domestic savings and other external financial flows. In this connection, the importance of the transparency and predictability of market conditions in all countries, as well as the role of developed countries in creating a stable economic environment for development, is recognized.

12. Technology is a critical factor for the ability of developing countries to participate in world trade and for achieving sustainable development. The prospects for the technological progress of developing countries are determined inter alia by the availability of technology, including advanced technology, on a sound commercial basis, by a proper enabling environment and by the development of their human resources.

13. Globalization and liberalization make all countries more susceptible to external developments, accelerating the transmission of positive impulses and, also, negative shocks. As a result, national and international policies are more interrelated. While these phenomena may reduce some of the difficulties associated with barriers to trade and investment, they may still lead to new problems. Therefore, there is a vital role for international cooperation and partnership.

14. Participating fully and effectively in international trade, investment and production requires capacity-building, improving the transparency, soundness and certainty of the domestic economic environment, and securing access to markets. For many developing countries, this also means creating and expanding capacities and infrastructure to supply goods and services efficiently to globalizing markets.

15. In many developing countries, particularly those in Africa and LDCs, commodity and market diversification require investment, human resources development, technological capacities, skills and support infrastructure to augment levels of production and efficiency to the exacting quality, cost and delivery requirements of global markets. International assistance, enhanced market access opportunities, development finance, investment and technical cooperation can play a crucial role in complementing domestic efforts to create necessary conditions for economic growth and sustainable development, including the implementation of structural adjustment programmes.

16. The heavily indebted low-income countries, including many that are LDCs, remain confronted with a high level of debt service. This has been one impediment to their development efforts. Measures to reduce debt burden can have a positive impact on development prospects, including the domestic investment climate, provided they are accompanied by sound macroeconomic and structural reform efforts.

17. The lack of territorial access to the sea, aggravated by remoteness and isolation from world markets, imposes serious constraints on the overall socio-economic development efforts of the land-locked developing countries. Likewise, island developing countries, particularly the small and remote ones among them, also face constraints on their external economic performance owing to such factors as a poor resources base, environmental fragility, shortage of human resources and recurring natural disasters.

18. Measures for capacity-building including, inter alia, access to information and technologies and implications of information technologies for trade, trade efficiency and the creation of an enabling environment for the development of small and medium-sized enterprises and micro-enterprises, will enhance the ability of developing countries to benefit fully from trading opportunities, including those arising from the Uruguay Round.

19. Enterprises in the informal sector are to be considered as part of the enterprise entity which contributes to the development process. They provide a source of new entrepreneurs and, being labour-intensive, can generate wage and self-employment for a significant segment of the population in many countries. They typically lack the infrastructure and support services common to the formal sector.

20. In a new context in which market-oriented growth strategies are being pursued by most developing countries, more intensive economic cooperation among developing countries is one means of increasing their capacity to produce, achieve economies of scale, and become internationally competitive, thereby promoting their integration into the world economy. In the area of economic cooperation among developing countries, some regional cooperation arrangements have evolved to a stage where trade and other economic activities among member countries make an important contribution to their economic growth in the context of sustainable development. Moreover, with the increasing diversity of development performances among developing countries, some of those countries have reached a stage of development where they can share their development experiences and cooperate with other developing countries, including in areas such as the integration of the enterprise sector into economic cooperation among developing countries processes; new approaches to monetary and financial cooperation; and intensified multisectoral cooperation in trade infrastructure, investment and production. Regional economic cooperation can play an important role in promoting production and market diversification, building adequate infrastructure networks and ensuring an efficient allocation of resources.

2. International trade in goods and services, and commodity issues

21. Globalization and liberalization have increased the potential for international trade to become an unprecedented engine of growth and an important mechanism for integrating countries into the global economy. A good number of developing countries have seized the opportunities and seen the rapid growth of their economies. Not all countries, however, have been in a position to seize these new trading opportunities. There is a real risk that these countries, especially the least developed countries, and other structurally weak economies, could become further marginalized. At the same time, it is widely recognized that the integration and fuller participation of these and other developing countries and countries in transition in the global economy would contribute substantially to the expansion of world trade, serving the overall objectives of world economic growth in the context of sustainable development.

22. The completion of the Uruguay Round of multilateral trade negotiations was a major step by the international community towards the expansion of the rule-based international trading system and advancing liberalization in international trade and creating a more secure trading environment. The Uruguay Round furthered and consolidated the process of trade liberalization through improvements in market access and more stringent disciplines over trade measures. It set out a system of multilateral trade obligations subject to a common dispute settlement mechanism which will place most countries at virtually the same level of multilateral obligation within a relatively short time. It addressed key issues in such areas as textiles and clothing, agriculture, subsidies and safeguards. It also covered new areas, such as norms for the protection of intellectual property and services. Most of the multilateral trade agreements contain their own built-in agenda for review, possible revision and negotiation of future commitments.

23. It has been recognized that, during the reform programme leading to greater liberalization of trade in agriculture, least developed and net food-importing developing countries may experience negative effects in terms of the availability of adequate supplies of basic foodstuffs from external sources on reasonable terms and conditions, including short-term difficulties in financing normal levels of commercial imports of basic foodstuffs. The plight of the LDCs and the need to ensure their effective participation in the world trading system is also recognized.

24. The challenges facing the developing countries and countries in transition in the context of globalization and liberalization are not confined to implementing domestic policy reforms, identifying and exploiting the trading opportunities created by the Uruguay Round and pursuing the policies which could enable them to derive maximum benefits from these opportunities. The challenges relate also to identifying, from a development perspective, ways and means of expanding such opportunities. In this context, the pursuit of the built-in future work programme contained in the various Uruguay Round Agreements and the key new emerging issues need attention. The interests of developing countries should be taken into account in this regard.

25. The General Agreement on Trade in Services (GATS) has opened possibilities for expanded trade in services. In this context, the developing countries face a major challenge of strengthening their domestic services capabilities to derive full benefits from the implementation of the GATS. In view of the important role of trade in services in helping to facilitate economic development, developing countries will seek further liberalization in the services sector where it is important to their interest.

26. The Uruguay Round brought the agricultural sector under multilateral rules and disciplines for the first time, transformed a wide range of non-tariff barriers into transparent bound tariffs, provided for enhanced and secure market access commitments, and introduced rules limiting domestic support and export subsidies. While it may involve negative effects for LDCs and net food-importing developing countries in a transitional period, full and effective implementation of the Uruguay Round outcome within the agreed time-frame will ensure maximum benefit. Many issues remain in this sector with an impact on agricultural trade and sustainable agricultural development. Negotiations to continue the reform process will take place in WTO in accordance with the Agreement on Agriculture.

27. The value of the generalized system of preferences (GSP) as an instrument for the expansion of trade is recognized. As a result of the MFN-based tariff reductions in the Uruguay Round, there has been an erosion in the margin of preferences. There is a potential for the maintenance in the post-Uruguay Round environment of the role which the GSP has played as a trade policy instrument aimed at fostering the industrialization of developing countries and their integration into the world trading system. Certain preference-giving countries have already taken steps in this direction by reviewing their schemes to achieve a better distribution and utilization of GSP benefits among beneficiaries. There is concern among the beneficiaries that the enlargement of the scope of the GSP by linking eligibility to non-trade considerations may detract value from its original principles, namely non-discrimination, universality, burden sharing and non-reciprocity.

28. Globalization has in many cases highlighted differences in regulatory regimes in various policy areas. Interest exists in enlarging the world trade agenda into new areas.

29. Competition policy is one important new policy area. There is growing realization that anti-competitive practices can have a negative influence on trade opportunities arising from trade concessions and obligations. The challenge faced by developed and developing countries alike is to introduce effective national policies in this respect. At the same time, this issue may be considered at the international level. The TRIMs Agreement has formally recognized that competition policy and investment policy are closely related and thus require parallel consideration. Relevant to this consideration is the work carried out in UNCTAD on restrictive business practices (RBPs). The Set of Multilaterally Agreed Equitable Principles and Rules for the Control of RBPs is the only multilateral instrument on the importance of competition principles.

30. A particularly important area is that of integrating trade, environment and development. A concern here is that environmental policies and measures

could be used for protectionist purposes. In developing environmental policies with a potential trade impact, it is important to ensure that they are, inter alia, transparent and pay appropriate attention to the special conditions and development needs of developing countries. Relevant concepts include those contained in the Rio Declaration on Environment and Development and Agenda 21.

31. The lack of efficient and transparent trade-related services such as customs, transportation, banking and insurance, telecommunications or business information is a major impediment to the integration of developing countries and some countries in transition into international trade and poses a formidable risk of exclusion from and challenge to the emerging global economy. Measures by all concerned to reduce the barriers to participation in international trade faced by entrepreneurs, including informal enterprises and micro, small and medium-sized enterprises in the developing countries and in particular least developed ones, could contribute towards increasing employment and extending the benefits of globalization and liberalization to the entire society. Better access by these entities to training, finance, marketing and information services can play a crucial role in their success.

32. Commodity production and trade provide the mainstay for hundreds of millions of generally poor farmers and mine-workers in developing countries, particularly the least developed countries and other structurally weak economies. Developing countries which are heavily dependent on commodity exports face special challenges in promoting through trade their economic growth in the context of sustainable development. This is due on the one hand to the instability and decline in real terms of prices for many commodities and international trade in these products and on the other hand to the difficulties encountered in the horizontal and vertical diversification of this sector, including the lack of foreign direct investment and the difficulties in efforts to implement market-oriented policies and development strategies in some countries. Efficient commodity marketing systems, including adequate services in the areas of quality control, information about market prices, and appropriate domestic legal and regulatory frameworks and institutional structures which can reduce counterpart risks and enhance access to credit and to risk management mechanisms, have a crucial role in enabling commodity producers, especially small producers, to share more fully in the potential benefits of trade. A conducive external environment is also of great importance.

33. Many commodity-dependent countries have attempted a diversification of their commodity sectors, and some have made successful efforts to improve their productivity and to diversify their economies. Over the past few years, many South-East Asian and Latin American countries which pursued sound economic policies have successfully expanded and diversified both their traditional commodity exports and the structure of their exportables. Other developing countries, especially lower-income countries, have experienced limited progress in export diversification and a relative stagnation in their commodity and other economic sectors. In this regard, efforts made by countries aimed at eradicating illicit narcotic crops are recognized. Difficulties in financing because of a lack of creditworthiness and developing countries' efforts to invite FDI can affect diversification efforts in some countries. A major lesson from these contrasting development trends is the importance of the timeliness and

flexibility of producers' and exporters' responses to new or emerging market opportunities and niches. A key issue which has emerged in this context is the need to develop the necessary export-related services, skills and institutional structures to meet the requirements of non-traditional types of exports, since these requirements tend to differ significantly from those of traditional commodity exports, which generally involve different types of marketing methods. In this new market-oriented environment, new approaches are needed to help producers in developing countries dependent on commodities to manage the risks efficiently.

34. Another important factor affecting the commodity sector has been the post-United Nations Conference on Environment and Development, awakening of concerns about the relationship between economic growth and the natural environment, as both commodity and industrial production activities affect the natural resource base. Changes in production and consumption patterns to make them consistent with sustainable natural resource use will be more difficult to effect if environmental costs and benefits are not taken into account in the prices of products, or if the adoption of environmentally preferable production methods is not facilitated by market-based approaches. There is concern among developing countries that the introduction of environmental conditionalities in the commodity sector will place an additional burden on commodity producers and divert resources from normal development programmes.

3. Promoting investment and enterprise development

35. Globalization and liberalization, driven by technological progress, increased competition and converging demand patterns, are shaping economic and social change throughout the world. In the new environment, sustainable economic progress requires regular investment in the productive sectors, mastery of technology and a dynamic and competitive enterprise sector. Experience also demonstrates the essential facilitating role played by government action to provide a stable macroeconomic environment and a sound economic, social and legal infrastructure, including respect for property rights and for the rule of law. Indeed, the economic importance of the enterprise as one of the main engines of growth and of development is now universally acknowledged: the enterprise is the economic unit that organizes production, creates employment, enhances skills, absorbs and promotes technological change and harnesses it for production, and invests for the future. In undertaking these functions, enterprises also contribute to broader social and economic objectives, such as reducing poverty and accelerating structural adjustment. As globalization and liberalization also bring with them the globalization of competition, it is increasingly acknowledged that development policies, at both the national and international levels, need to be directed specifically at fostering viable and internationally competitive enterprises, including an entrepreneurial culture. Within this context, the particular need to foster the development and expansion of small and medium-sized enterprises is also vital.

36. Foreign direct investment (FDI) can play a key role in the economic growth and development process. The importance of FDI for development has dramatically increased in recent years. It is now considered to be an instrument through

which economies are being integrated at the level of production into the globalizing world economy by bringing a package of assets, including capital, technology, managerial capacities and skills, and access to foreign markets. It also stimulates technological capacity-building for production, innovation and entrepreneurship within the larger domestic economy through catalysing backward and forward linkages.

37. Productive private investment, both domestic and foreign, is based upon investor confidence. Experiences have shown that FDI is attracted by a variety of policies and conditions conducive to economic development. In order to encourage domestic investment and to attract FDI, it is essential to have in place a stable, supportive, effective and transparent legal framework. Intellectual property protection is an essential component of an environment conducive to the creation and international transfer of technology. Investment agreements which signal that investment is valued and that all investors will be treated fairly also promote investment.

38. The globalization of investment has become a dynamic factor in production strategies and in world trade, and the privatization programmes which have been implemented in some countries represent an important support tool for economic development.

39. Privatization, particularly in developing countries and countries in transition, is especially important since, under appropriate conditions, it can create new enterprises, reduce public deficits and contribute to an increase in investment flows. Due account should be taken of the social aspects of privatization, and of those policies and measures which are necessary, in order to mitigate any adverse social consequences of privatization.

40. There have been very few investment flows to the least developed countries, and in particular into Africa where the existing opportunities may need to be further promoted. Successful FDI and technology transfer can result from the industrialized countries' active participation in helping least developed countries, especially in Africa, in their acquisition and enhancement of technological capabilities through the means of technology licensing and expert advice.

41. Strengthened subregional, regional and interregional cooperation among developing countries can be an important factor in making them more attractive to foreign investors. Another trend of importance is that a number of countries in all regions have put into place, or are in the process of doing so, elements of a regional and, in some areas, interregional framework for FDI. There is no comprehensive, multilateral framework that covers a great majority of countries. The desirability, nature, issues and scope of such a multilateral framework, and especially its development dimensions, are increasingly being analysed and discussed.

42. Increasing globalization and liberalization offer significant new opportunities for enterprise development, but there are also risks. Appropriate national policies, supported by an enabling international environment, will

magnify the gains which can be achieved by enterprises. Equally, however, inappropriate policies will magnify adjustment costs.

43. Enterprise competitiveness, the core of the modern economy, depends to a large extent on an appropriate enabling environment. Key elements of a favourable policy framework include:

- At the national level, macroeconomic stability and appropriate regulatory frameworks, including measures for consumer protection and those relating to the promotion of competition; experience has shown that these are also conducive to attracting foreign direct investment, as well as to developing and strengthening domestic technological capabilities.

- At the international level, assistance for structural adjustment programmes in favour of enterprise development, advisory services on how to formulate an enterprise development strategy, technical assistance to promote such a development strategy and international dialogue to discuss lessons learned in this respect.

44. Enterprise competitiveness is based on a variety of factors, including the cost of production factors, flexibility of production, quality, responsiveness to customers' needs, availability of credit and access to business information etc., in a dynamic setting involving changing market demands and the continuous entry of new competitors. Competitiveness, even in traditional sectors, thus depends increasingly upon rapid adaptation to technological change, cooperative research and development efforts among firms, and a continuous process of innovation and human resource development. In addition, small and medium-sized enterprises are confronted with difficult challenges concerning the financing of their development, marketing activities, access to international markets, the introduction of advanced technology and improvements in managerial skills, quality and production. These challenges are more acute for small and medium-sized enterprises of developing countries, which account for a majority of the enterprises in most developing countries, as they operate in a more difficult environment than those in industrialized countries.

45. The experience of developed countries and those developing countries which have achieved sustained economic growth in recent years suggests that science and technology policy-making capability and ongoing dialogue between government and the private sector are important components in the development and expansion of an internationally competitive enterprise sector. In view of the increased competitive pressure on the enterprise sector brought by liberalization and the process of globalization, international support which takes into account the particular needs of individual countries would be required in the areas of institution-building, finance, access to commercial information, training and marketing and the development of a technological infrastructure to ensure that enterprises, in particular SMEs, in developing countries adjust to the rapidly changing global economic environment.

46. Enterprises can test their competitiveness abroad only if they have access to foreign markets. Lower barriers to trade promote competition and encourage

international specialization. However, the weak infrastructure in many developing countries, and insufficient linkages to international markets, often impede enterprises in these countries from realizing their full competitive advantage.

47. These elements highlight the importance for countries of developing a coherent and comprehensive approach to enterprise development that would meet their particular priorities. Experience suggests also that ongoing dialogue between Governments and the private sector is likely to help ensure rapid and full implementation of such an approach and allow for timely adjustment to changing circumstances.

48. SMEs and micro-enterprises in developing countries often face difficulties in such areas as project execution, pre-investment studies, management consulting, production management, product development, marketing, engineering design, quality control, laboratory testing, packaging, accounting, insurance, banking, legal services, repair, maintenance, data management, computer and software, telecommunications and transport. Access to credit and equity capital is important for all enterprises and can be particularly challenging for micro and SMEs.

B. Measures and actions to be taken in order to maximize the development impact of liberalization and globalization and minimize the risks of marginalization and instability

49. States that are members of UNCTAD set as their objective the full integration of developing countries, in particular the least developed, and the economies in transition into the world economy and the international trading system in order to enable them to reap the benefits of liberalization and globalization. This means providing the conditions for an expansion of trade in goods and services to enhance their ability to meet their multilateral obligations, to understand and take advantage of their trade rights and to pursue their trade and economic objectives. Particularly for the least developed countries and certain other developing countries with structurally weak and vulnerable economies, this objective calls for the development and expansion of capacities to supply goods and services to globalizing markets. The member States recognize the importance of the assistance and support of the international community, as well as the contribution of UNCTAD in assisting developing countries and interested economies in transition to achieve this objective, and agree to apply the following recommendations to this end.

1. Globalization and development

50. In pursuit of economic growth and sustainable development, all Governments should: create a stable macroeconomic framework and undertake any necessary structural adjustment and reform; ensure an appropriate and transparent legal and regulatory framework, inter alia to promote investment; strengthen human resource development; promote equality of opportunity and poverty alleviation; promote sound budgetary practices, inter alia to channel resources to productive

uses and meet basic human needs; and provide for democracy and transparent and accountable governance and administration. The international community should support developing countries in their efforts in this regard.

51. Individual countries retain the primary responsibility for their development. In addition, developed countries have a major responsibility in the context of growing interdependence to create and sustain a global economic environment favourable to accelerated and sustainable development.

52. Donors, United Nations organs and specialized agencies are called upon to take part and effectively participate in the Mid-term Review Meeting of the United Nations New Agenda for the Development of Africa in the 1990s, scheduled to take place in September 1996 in New York, with a view to ensuring that the Review will lead to a more effective implementation of the Agenda.

53. Trends in resource flows point to the increasing importance of private flows and the significant decline in real terms of world official development assistance flows after 1991. Official development assistance (ODA) continues to be an important component of resource flows for LDCs and many other low-income countries. There is a need to continue to revitalize donor countries' development policies. Donor countries which have made ODA commitments in the context of Rio or various United Nations resolutions are urged to make efforts to fulfil those commitments. Donor countries should consider the possible development benefit of increasing ODA, particularly to the LDCs.

54. Donors need to implement expeditiously the agreed menu of aid targets and/or commitments as set out in paragraph 23 of the Programme of Action for the Least Developed Countries for the 1990s and fulfil their commitments to provide a significant and substantial increase in the aggregate level of external support to LDCs, keeping in mind the increased needs of these countries, as well as the requirements of the new countries included in the list of LDCs following the Paris Conference.

55. Efforts should be continued to address effectively the problems of heavily indebted low-income developing countries undertaking economic reforms whose growth prospects continue to be severely affected by their external debt problem. In this regard, to address official bilateral debt, the Naples terms adopted by Paris Club creditors in favour of the poorest and most indebted countries should continue to be implemented. Non-Paris Club creditors which have not done so are also urged to take measures as appropriate.

56. The Bretton Woods institutions are encouraged to expedite the ongoing consideration of ways to address the issue of multilateral debt. Other international financial institutions are also invited to consider, within the scope of their mandates, appropriate efforts.

57. In recent years, the magnitude of financial flows and the range of financial instruments in the international economy have grown rapidly, presenting new opportunities and challenges. One challenge is the increased exposure of domestic economies to the volatility of the international financial markets. The developing countries should therefore be better informed about risks and

policy implications of different types of flows, as well as risk-hedging instruments, and could also benefit, in particular the least developed countries, from technical assistance related to the use of financial instruments for risk management in the international economy.

58. Land-locked developing countries require special attention in order to enable them to carry out the necessary development policy and operational reforms that will help reduce the high transit costs and enhance their external trade performance. It is recognized that developing countries which provide transit services need adequate support in maintaining and improving their transit infrastructures. Similarly, island developing countries, particularly the small and remote ones among them, require special attention in order to assist them to overcome their particular development constraints.

59. South-South cooperation should be promoted through the sharing of development experiences among developing countries at different stages of development. This process can be assisted by developed countries in the form of triangular cooperation. New political and economic realities of interdependence call for greater partnership in development. Support of the donor community for South-South initiatives and programmes through, inter alia, financial and technical assistance in this regard is welcome. More attention should be given to promoting triangular cooperation and joint ventures.

60. Interregional cooperation among developing countries could involve: (i) the design and implementation of programmes of technical cooperation among developing countries (TCDC); (ii) preferential treatment of exports from LDCs; and (iii) trade liberalization through the Global System of Trade Preferences among Developing Countries (GSTP) and other arrangements. Further negotiations in the GSTP should aim to widen the scope of the GSTP, as envisaged in the Agreement.

61. The important principles and programmes of action of the United Nations conferences on the environment, human rights, population, social development and women should be effectively followed up.

2. International trade in goods and services, and commodity issues

62. The Uruguay Round Agreements provide the framework for an open, rule-based, equitable, secure, non-discriminatory, transparent and predictable multilateral trading system. All members of WTO should implement their commitments fully and all provisions of the Final Act of the Uruguay Round should be effectively applied to maximize economic growth and the developmental benefits for all, taking into account specific interests of developing countries.

63. The full realization of the anticipated benefits from the conclusion of the Uruguay Round also requires that confidence in the integrity and credibility of the multilateral trading system be upheld. In this respect, the WTO dispute settlement mechanism is a key element of the credibility of the multilateral trading system. It is essential for all countries to respect and fulfil the

totality of the undertakings of the Uruguay Round. Countries should refrain from adopting measures inconsistent with their WTO obligations.

64. Preference-giving countries are invited to continue to improve and renew their GSP schemes in keeping with the post-Uruguay Round trading system and with the objective of integrating developing countries, especially LDCs, into the international trading system. Ways and means should be found to ensure more effective utilization of GSP schemes, particularly by LDCs.

65. Recognizing the important role of trade in services in helping to facilitate both economic development and international trade, and cognizant of the commitments made in GATS Article IV, appropriate technical assistance should be extended to the developing countries to develop and strengthen their service sectors to help ensure that they reap the maximum possible benefits from liberalization of trade in services.

66. Governments, as well as relevant international organizations, should consider extending appropriate technical cooperation to developing countries and countries in transition to enable them to participate more effectively in the international trading system. For WTO members, this should include assistance to enable them to effectively exercise their rights and meet their obligations in WTO, and for prospective members, to help them understand the rights and obligations arising from accession to WTO. Assistance should also be provided for non-WTO members to facilitate their efforts to accede and to help them understand the rights and obligations of membership.

67. Governments involved in regional economic arrangements should ensure, where applicable, that these are consistent with WTO obligations.

68. Actions, as appropriate, should be taken to maximize the opportunities and to minimize the difficulties of developing countries, especially the least developed countries, and of the countries in transition, in adjusting to the changes introduced by the Uruguay Round. Governments are urged to implement fully and expeditiously the Marrakesh Ministerial Decision on Measures in Favour of the Least Developed Countries. The Marrakesh Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed and Net Food-Importing Developing Countries shall be effectively applied.

69. Trade liberalization in developed and developing countries should continue. This would improve market access for the exports of developing countries, enhance the competitiveness of their domestic industries, and facilitate structural adjustment among developed economies.

70. The pursuit of the built-in agenda contained in various Uruguay Round Agreements, as well as the way in which the international community deals with "new issues", should be carried out in a balanced way, including taking into account the concerns of developing countries.

71. Governments reaffirm their commitment to Agenda 21 and the principles of the Rio Declaration. Governments should have as their objective to ensure that

trade and environmental policies are mutually supportive to achieve sustainable development. In doing so, their environmental policies and measures with a potential trade impact should not be used for protectionist purposes. Governments should ensure that these policies and measures are, inter alia, transparent and pay appropriate attention to the special conditions and development needs of developing countries, as well as respect the relevant concepts contained in the Rio Declaration and Agenda 21. Positive measures, such as market access, capacity-building, improved access to finance, and access to and transfer of technology, taking into account the relationship between trade-related agreements and technology, are effective instruments in assisting developing countries to meet multilaterally agreed targets.

72. All countries should endeavour to cooperate, including within the framework of existing multilateral agreements, to promote horizontal and vertical diversification by commodity-dependent developing countries, especially the least developed among them. Donors are encouraged to continue to provide assistance for diversification in the commodity sector of such countries, especially LDCs.

73. Donors are invited, in accordance with General Assembly resolution 49/142 of 23 December 1994, to give particular attention and support to the commodity diversification efforts of African countries. States which contribute to the African Development Bank are invited to consider making substantial contributions in line with the outcome of the negotiated seventh replenishment of the African Development Fund.

74. The Common Fund for Commodities is requested to direct its commodity development programmes more towards commodity sector diversification projects, as well as to promote commodity market development. Particular focus should be put on the needs of the least developed countries. Development of commodity exports by developing countries also requires the serious attention of the Fund. The members should consider fulfilling as soon as possible their pledges made for the Second Account of the Fund. The Common Fund is encouraged to explore effective ways and means of using the resources of the First Account.

3. Promoting investment and enterprise development

75. The Conference recognizes that foreign investment can contribute to the strengthening of the production bases and export capacities of developing countries and help in their integration into the multilateral trading system and the world economy.

76. In order to attract FDI, countries are invited to continue initiatives in such areas as a stable macroeconomic environment, transparent and accountable public administration, respect for property rights and the rule of law, the quality of labour, improvement of infrastructure, entrepreneurial and institutional capabilities and simplified administrative and regulatory frameworks.

77. The least developed countries need assistance to complement their efforts to create an environment conducive to investment flows. This could include

support for improving infrastructure and for human resource development and institutional capacity-building that leads to improvements in the regulatory and incentive frameworks in the LDCs and enhances capital and financial market development.

78. In parallel to those efforts, all countries are invited to pursue policies enabling FDI and to consider, and where possible improve, measures that facilitate FDI flows to developing countries. In particular, countries should provide their business communities with information about business conditions and investment opportunities abroad, especially in developing countries. An appropriate enabling framework allows firms to utilize their dynamism, global resources and vast capabilities towards indigenous technological capacity-building in developing countries and for the expansion of export opportunities and access to competitive structures and tools, such as information and transport networks and distribution and marketing channels.

79. Developing countries and interested countries in transition are encouraged to develop or strengthen their national strategies for fostering enterprise development, including through improvements that result in a sound regulatory framework for their development, with particular focus on small and medium-sized enterprises. In doing so, they are encouraged to broaden and deepen their dialogue with their business community, so as to ensure that the enterprise development strategies take into account the needs of the private sector.

80. In order to assist enterprise development, developing countries need to establish an appropriate capital market infrastructure. In the absence of economies of scale, regional cooperation in this field should be enhanced.

81. Multilateral and bilateral donors are invited, in response to developing countries' priorities, to continue to provide adequate financial support and technical assistance for the implementation of national strategies for enterprise development, and in particular for small and medium-sized enterprises.

82. International institutions and Governments are invited to provide targeted assistance for the creation and strengthening of domestic enterprises of the developing countries through policies and measures to enhance market access for the growth of enterprise in developing countries; to provide access to information networks by enterprises; to enhance the transfer of technology to the developing countries through international trade and economic cooperation; and to contribute to regional and interregional cooperation on enterprise development.

II. THE CONTRIBUTION OF UNCTAD TO SUSTAINABLE DEVELOPMENT

83. In an era of fast-paced economic activity and increasing interdependence among nations, UNCTAD member States are determined to continue to build an effective partnership for development. In consequence, the role of UNCTAD as the focal point within the United Nations for the integrated treatment of development and interrelated issues in the areas of trade, finance, technology, investment and sustainable development necessitates adaptation to new economic

and institutional modalities created by the process of globalization, the conclusion of the Uruguay Round Agreements and the creation of WTO. UNCTAD, having a clear comparative advantage in tackling trade-related development issues, should continue to facilitate the integration of developing countries and countries in transition into the international trading system in a complementary manner with WTO and to promote development through trade and investment in cooperation and coordination with ITC, relevant institutions of the United Nations system and other international organizations. The work of UNCTAD should be geared to the special needs of developing countries, particularly the LDCs, and focus on development issues. It should be action-oriented and provide guidance on national policies and on an enabling environment conducive to trade and development.

84. Sustainable development, poverty alleviation, the empowerment of women, LDCs and cooperation among developing countries should constitute cross-cutting issues in the work of UNCTAD. While concentrating on its main activities and objectives, UNCTAD should pay due attention to the outcome of the global conferences on environment and development, human rights, population and development, social development, women and human settlements.

85. UNCTAD should continue to provide a forum for discussions aimed at considering development strategies and policies in a globalized world economy. In this respect, special attention should be given to analysing and exchanging successful developmental experiences and drawing lessons from them. In its analytical and deliberative work, UNCTAD should focus on the following areas:

- Globalization and development;
- International trade in goods and services, and commodity issues;
- Investment, enterprise development and technology;
- Services infrastructure for development and trade efficiency.

Until the next session of the Conference, UNCTAD should concentrate its efforts on a few priority subjects in these areas.

A. Globalization and development

86. One of the main challenges for UNCTAD in the years ahead will be to facilitate the process through which developing countries utilize the benefits of globalization to accelerate the attainment of the objective of sustainable development. For this purpose, it will be necessary first to monitor how some of the basic elements for sustainable development evolve and interact in an increasingly globalizing world economy, and to track changes in those interactions. Secondly, it will be necessary to evaluate the impact of these elements on the development process, seek new opportunities for the furtherance of development resulting from globalization and liberalization, and provide policy approaches and actions to help developing countries integrate into the world economy and achieve sustainable development.

87. In the field of globalization and development, UNCTAD should continue to analyse global interdependence issues from a development perspective, concentrating on specific micro and macro issues. This cluster of work will support annual discussions in the Trade and Development Board, utilizing among other elements the Trade and Development Report and the World Investment Report. Poverty alleviation should remain an important objective, and concrete opportunities to promote it should be identified. Specifically, this work will focus on the following:

(i) Examining specific development challenges regarding effective participation in international trade and investment, drawing out the lessons that may be of value to developing countries, countries in transition, and in particular the least developed countries. This examination of development challenges will integrate the important development lessons learnt about debt management problems from UNCTAD work in this area;

(ii) Examining successful development experiences, drawing out the lessons that may be of value to other countries, particularly the least developed, and identifying suitable options, supporting cooperation among developing countries, in partnership with contributing countries and institutions, in this regard;

(iii) Monitoring the implementation of the Programme of Action for the Least Developed Countries for the 1990s and preparing, if so agreed, at the fifty-second session of the General Assembly, for a global review and appraisal of the implementation of the Programme; strengthening the contribution of UNCTAD, in cooperation with other relevant organizations in the Inter-agency Task Force for Africa, towards the effective implementation of the United Nations New Agenda for the Development of Africa in the 1990s.

B. Investment, enterprise development and technology

88. UNCTAD should continue to provide a forum for intergovernmental discussions, with the participation of representatives from the private sector, concerning issues related to privatization, enterprise development and international flows of investment. In particular, UNCTAD should promote the international dialogue among development actors for the purpose of assessing the challenges and opportunities for enterprise development arising from the emerging new economic conditions, including the post-Uruguay Round environment.

89. This set of activities will focus on investment, enterprise development and the participation of enterprises in the global economy, and issues related to technology for development. It will focus on the following issues:

Investment

(a) Improving general understanding of trends and changes in FDI flows and related policies, the interrelationships between FDI, trade, technology and development, and issues related to transnational corporations of all sizes and their contribution to development, with the results to be published in the UNCTAD report on world investment;

(b) Identifying and analysing implications for development of issues relevant to a possible multilateral framework on investment, beginning with an examination and review of existing agreements, taking into account the interests of developing countries and bearing in mind the work undertaken by other organizations. In this regard, the role of OECD and the activities of its outreach programme in explaining recent developments in that organization should be noted;

(c) Continuing investment policy reviews with member countries that so desire in order to familiarize other Governments and the international private sector with an individual country's investment environments and policies;

(d) Enhancing the capacity of developing countries and countries with economies in transition to improve their overall investment climate, to obtain relevant information and to formulate policies to attract, and benefit from, FDI. Attention should also be given to assistance in the area of accounting standards and accounting education and related activities;

(e) Promoting opportunities for FDI in host countries by facilitating the exchange of experiences on investment promotion and the benefits from FDI;

(f) Promoting investment among developing countries;

(g) Facilitating, consistent with available resources, the holding of a pilot seminar, co-sponsored with other relevant international organizations, on the mobilization of the private sector in order to encourage foreign investment flows towards the least developed countries. The results of this seminar should be evaluated by the Trade and Development Board in order to determine further action in this regard;

Enterprise development

(h) Continuing to assist interested developing countries with policy-related issues and training activities concerning entrepreneurship development through programmes such as EMPRETEC 21 and in the area of reform of public-sector enterprises;

(i) Facilitating the exchange of experiences on the formulation and implementation of enterprise development strategies, including questions related to privatization, and of experiences with regard to public sector/private sector dialogue and cooperation; to further the participation of developing countries' enterprises in the global economy; and to examine the special problems relating to enterprise development in countries in transition;

(j) Identifying and analysing the specific contribution that foreign direct investment can make to indigenous enterprise development and promoting ways to facilitate efficient domestic resource mobilization;

Technology

(k) Undertaking science, technology and innovation policy reviews with interested countries in order to identify options for national action, especially those which foster technological capability and innovation and the transfer and diffusion of technology; 1/

(l) Identifying, through an exchange of experiences among countries at different levels of technological development, policies to favour technological capacity-building, innovation and technology flows to developing countries;

(m) Providing technical assistance in technology development, including accessing information technology, and disseminating relevant information through an information system and networking.

90. In these activities, in particular in the area of entrepreneurship, investment and enterprise development, UNCTAD should take into account the work done by other international organizations, specifically WTO, ITC, UNIDO and the World Bank Group, in order to enhance synergies, avoid duplication and coordinate related activities.

C. International trade in goods and services, and commodity issues

91. The main role of UNCTAD in the field of trade in goods and services should be to help maximize the positive impact of globalization and liberalization on sustainable development by assisting in the effective integration of developing countries, particularly LDCs and certain developing countries with structurally weak and vulnerable economies, into the international trading system so as to promote their development. Specific interests of the economies in transition should also be taken into account. Work in this area will include issues related to commodity dependence. This work, which should be undertaken in cooperation

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1/ In accordance with Economic and Social Council resolution 1995/4, para. 9.

with WTO and other relevant international organizations, will focus on the following:

(i) Enabling these countries to respond to the opportunities arising from the Uruguay Round Agreements so as to derive maximum available benefit by: analysing the impact of the Uruguay Round Agreements on development; enhancing national capacities, in terms of human resources and administrative infrastructures, to enable WTO members to adjust effectively to meet their obligations and to take advantage of their rights; assisting countries in the process of accession to WTO, including by helping them to enhance their understanding of WTO rights and obligations, as well as improving the transparency of their trade regimes; identifying impediments to trading success, including barriers to export expansion and diversification; providing a forum for examination of issues related to trade preferences, including exploring opportunities for maximizing their utilization; facilitating the understanding of the multilateral trading system by analysing, from a development perspective, issues on the international trade agenda, as identified by the Conference or the Trade and Development Board, including new and emerging issues; assisting developing countries, in collaboration with WIPO and WTO, to identify opportunities provided by the TRIPs Agreement, including for attracting investment and new technologies; contributing, as appropriate, to the work of relevant international organizations in the implementation of the Uruguay Round Final Act Decision on Measures in Favour of the Least Developed Countries by assisting the LDCs that are WTO members to take maximum advantage of the special and differential measures provided for in the Uruguay Round Agreements. Within the framework of its programme of cooperation with WTO, UNCTAD should provide analytical information relating to the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed Countries and Net Food-Importing Developing Countries;

(ii) Assisting developing countries to strengthen their capacities in the services sector, as well as to identify export opportunities by undertaking directly related sectoral analysis;

(iii) Examining issues related to competition law of particular relevance to development: continuing analytical work on restrictive business practices; assisting these countries to formulate competition policies and legislation; institution-building; focusing on Africa by holding a regional meeting, creating relevant inventories and databases, and establishing a technical cooperation programme;

(iv) Promoting the integration of trade, environment and development and continuing the special role of UNCTAD in this field, in accordance with paragraph 27 of General Assembly resolution 50/95 of 20 December 1995, by examining trade and environment issues, from a development perspective, in close cooperation with UNEP and WTO

and as task manager for the Commission on Sustainable Development by: undertaking the work that the Commission, at its fourth session, proposed for UNCTAD, including in the field of competitiveness, market access, eco-labelling, multilateral environmental agreements, positive measures and trade liberalization, and sustainable development;

(v) Addressing issues of particular relevance to commodity-dependent countries by: examining successful commodity diversification experiences; contributing to the transparency of commodity markets and analysing trends in commodity markets in coordination with international commodity bodies to supplement market information available to them from the business sector; promoting the management of commodity resources, in the context of sustainable development; continuing to assist their producers to make use of risk-limiting instruments.

D. Services infrastructure for development and trade efficiency

92. The primary role of UNCTAD in this sector is to assist developing countries, particularly the least developed countries, and countries in transition in generating trade-supporting services such as customs, transportation, banking and insurance, telecommunications or business information which are adapted to their particular requirements, with a particular focus on services addressing the needs of the informal, micro, small and medium-sized enterprise sectors. UNCTAD should review and assess progress with the trade efficiency initiative, including the experience gained so far in the working of Trade Points and their inter-operability. Rapid data transmission and reliable data protection are necessary for enterprises, large and small, if they are to be competitive. Access to information technology is important to enable countries to benefit from globalization. The free flow of information should therefore be encouraged. UNCTAD should consolidate the Trade Point Network by making Trade Points fully operational and effective and by assisting interested countries, in consultation with them, in establishing new Trade Points.

93. UNCTAD should, in close cooperation with ECE, ITC and other relevant international organizations:

(a) Continue to enhance the capacity of interested developing countries and economies in transition to trade efficiently through programmes such as ACIS, ASYCUDA, TRAINMAR, TRAINFORTRADE and the Global Trade Point Network;

(b) Explore means to make these programmes financially self-sustainable;

(c) Enhance the capacity of Trade Points to function as information and training centres for small and medium-sized enterprises.

94. In order to provide practical support to entrepreneurs in developing countries, UNCTAD should follow up on the results of the United Nations International Symposium on Trade Efficiency, held at Columbus, Ohio, in October 1994. Within existing resources, it should in particular:

(a) Encourage and provide appropriate assistance, upon request, to developing countries to carry out an assessment of the efficiency of their trade-supporting services and best practices in the light of the recommendations of the Symposium; where parts of such an exercise can be performed by the private sector, this should be encouraged;

(b) Taking into account the relationship between trade efficiency and information infrastructure, in close cooperation with ITU, assess the practical trade implications of the emerging Global Information Infrastructure (GII), and identify relevant avenues for action in this area.

E. Technical cooperation

95. The UNCTAD technical cooperation programme is an important element in the UNCTAD overall effort to focus its work on activities that provide practical assistance to developing countries. This assistance should be directed towards developing countries with the greatest need. LDCs should have priority in the assistance provided by UNCTAD. The effectiveness and impact of UNCTAD technical cooperation should be strengthened as an essential complement to the institution's policy-oriented analytical and deliberative work. Specific needs of certain developing countries with structurally weak and vulnerable economies should be addressed. UNCTAD should continue to provide technical assistance to economies in transition. UNCTAD technical cooperation should be demand-driven and aim to enhance the capacity of countries to promote their own development process. It should assist Governments to create the necessary enabling environment for development and strengthen the ability of beneficiary countries to participate fully in the world economy, particularly in international trade and investment. Donors are invited to continue and, if possible, increase financing for technical assistance programmes formulated by UNCTAD.

96. In order to enhance the substantive and financial consistency, predictability and transparency of the UNCTAD technical cooperation programme, the Board should set out a strategy for the coherence of regular and extrabudgetary programmes that seeks to strengthen the linkages between analytical work and technical cooperation. The Board should annually consider an indicative, rolling three-year plan for technical cooperation and review programmes and activities, including their cost-effectiveness. Technical cooperation activities should be monitored and evaluated on a continuous basis, particularly to assess their impact on national capacities on the basis of relevant indicators.

97. The UNCTAD technical cooperation programme should be determined by its work programme priorities. In the light of the objectives contained in paragraph 95, UNCTAD technical cooperation should focus on the following areas:

(i) Globalization and development:

- Assistance in examining specific development challenges regarding effective participation in international trade and investment;

- Providing continued support for debt management;

(ii) International trade in goods and services, and commodity issues:

- Enhancing institutional and human capacities in order for developing countries to analyse new and emerging issues and to benefit from the opportunities arising from participation in the multilateral trading system and to comply with the obligations in this respect;

- Assisting developing countries in the area of trade and environment, including through the use of country case studies;

- Supporting strategies in promoting national competition and consumer protection law and policy formulation;

- Contributing to vertical and horizontal diversification in commodity-dependent countries and promoting the use of risk-management instruments in favour of producers and exporters;

- Contributing to a better utilization of preferences through improved familiarization with GSP and other preferential trading arrangements;

- Assisting developing countries, in coordination with WTO, in accessing data on trade in services;

(iii) Investment, enterprise development and technology:

- Supporting the formulation of national policies promoting and attracting foreign investment;

- Supporting the formulation of national policies promoting private sector development, including SMEs and privatization issues;

- Supporting the formulation of national policies promoting entrepreneurship development ensuring the participation of women;

- Promoting public sector/private sector dialogue;

(iv) Services infrastructure for development and trade efficiency:

- Supporting the formulation of national policies promoting services infrastructure for development and trade efficiency;

- Improving trade-supporting services facilitating trade and exports;

- Human resource development;

- Follow-up on the results of the United Nations International Symposium on Trade Efficiency and providing technical assistance such as establishing trade points, particularly in LDCs.

98. The setting up of a special Trust Fund for LDCs should be examined.

99. UNCTAD should intensify its cooperation and coordination with WTO, ITC, relevant institutions of the United Nations system, other organizations and donor agencies, as well as with regional and subregional groupings, through formal arrangements and within existing mechanisms, as appropriate. This cooperation and coordination should aim to fully utilize existing capacities, create more synergies and avoid duplication in order to optimize the impact of technical cooperation. It should also lead to a systematic exchange of information and best practices. Where appropriate, cooperation with the private sector, non-governmental organizations and the academic world should be sought.

III. THE FUTURE WORK OF UNCTAD: INSTITUTIONAL IMPLICATIONS

A. UNCTAD in a new institutional context

100. UNCTAD, as part of the United Nations system and contributing to its revitalization, has set new priorities and focused its activities and will continue its efforts to increase its relevance and effectiveness by streamlining its budget, reducing the number of meetings, rationalizing its publications and striving for better coordination and cooperation with relevant international organizations in order to strengthen complementarity.

101. Considering the mandate of UNCTAD and what has been reflected in previous sections, the Conference has recognized the need to revitalize and remodel the UNCTAD intergovernmental machinery and has taken the necessary measures to make it more efficient and responsive to the needs of a rapidly changing world economy.

102. The Conference welcomes the reform of the secretariat initiated by the Secretary-General of UNCTAD, and encourages his further efforts to ensure that the internal organization of the secretariat is consistent with the priorities, objectives and intergovernmental machinery established by the Conference.

103. With a view to strengthening the capabilities of UNCTAD, including inter alia technical cooperation, ways and means should be explored within the existing financial rules and regulations of the United Nations to reallocate a part of the savings resulting from improved overall cost-effectiveness.

104. In formulating its recommendations to the United Nations General Assembly on the date of future conferences, the Trade and Development Board should take account of the desirability of synchronizing the quadrennial UNCTAD conferences with the United Nations budget cycle.

B. The intergovernmental machinery

105. The intergovernmental machinery is being structured in accordance with the future work programme of UNCTAD, which is focused on a few priority trade and development issues of central importance on which it can make a substantial impact. The intergovernmental machinery shall be tightly structured so as to reduce the number of meetings and encompass all important areas of the work programme and should concentrate on programmes of interest and practical value to developing countries, in particular the LDCs.

106. In carrying out activities, cross-sectoral issues such as the problems of the LDCs, poverty alleviation, economic cooperation among developing countries, sustainable development and the empowerment of women should be integrated into the work of the intergovernmental machinery. The intergovernmental machinery will also need to ensure the continuous, timely and effective management, including coordination and oversight, of the work done concerning these issues.

107. In endorsing recommendation 431 (S-XVIII) adopted by the Trade and Development Board at its eighteenth special session (December 1995), the Conference decides that the structure of the intergovernmental machinery will be as follows:

(a) The Board is responsible for ensuring the overall consistency of UNCTAD activities with agreed priorities. It will set or adjust the priorities for the period remaining up until the next session of the Conference. It will also set benchmarks and evaluate performance on this basis. To this end, it will ensure that the UNCTAD budget, programme of work, technical cooperation activities and publications policy are carefully scrutinized and their transparency enhanced. It will also ensure that the activities of its subsidiary bodies are in conformity with their mandates, carefully coordinated with other relevant international organizations and not duplicative of other bodies. The Board will also ensure that the calendar of meetings is carefully regulated and the number of meetings within the UNCTAD scope of activity reduced. The Board has the particular responsibility to ensure that UNCTAD is operating in the most cost-efficient manner possible. It will also provide the Secretary-General of UNCTAD with recommendations on the allocation of resources, including reinvested savings in accordance with paragraph 103, to the various elements of the UNCTAD work programme.

The Board shall be assisted in its tasks by the Working Party on the Medium-Term Plan and Programme Budget, in particular in its assessment of the budgetary implications of the proposed work programme. The Working Party will also have the task of identifying the amount of programme savings UNCTAD has generated through its streamlined intergovernmental machinery and more focused programme of work. The Secretary-General is invited to consult with the Working Party during the preparation of the work programme and budget from the earliest possible stage. The Board should explore possibilities of increasing its budgetary authority over the work programme of UNCTAD and prepare respective recommendations to the United Nations General Assembly.

(b) The Board will review the technical cooperation activities of UNCTAD in accordance with paragraph 96. The Working Party shall assist the Board in its oversight of the technical cooperation programme.

(c) In executing its mandated functions, the Trade and Development Board will meet in regular or executive sessions. The regular session of the Board will be convened in one part in autumn for approximately 10 working days. At that session, a segment should be included to deal with a substantive policy item with a view to attracting high-level participation. Personalities from the public, private/business and academic sectors in areas related to the work of UNCTAD should be invited to attend. At its regular session, the Board will continue to deal with interdependence and global economic issues from a trade and development perspective. It will also review at its annual session progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s and of the United Nations New Agenda for the Development of Africa in the 1990s, with attention given to the examination of policy lessons drawn from successful development experiences. The Board will also act to ensure better horizontal coordination.

(d) The Board could meet in executive session three times throughout the year, with six weeks' prior notice, to deal with policy as well as management and institutional matters and when it is agreed that there are urgent matters that cannot be deferred to the regular session. Executive sessions will normally be confined to one-day's duration.

(e) The Bureau of the Trade and Development Board will be elected at each regular session to serve for the whole year and shall be authorized to despatch housekeeping business, including administrative and procedural matters, when the Board itself is not in session.

(f) The Trade and Development Board can set up subsidiary bodies, known as Commissions. It will set clear and specific terms of reference for the Commissions and examine and evaluate their work; it can create new bodies and abolish existing ones, on the basis of the

priorities of the organization and of the work accomplished. It will examine the reports of the different immediate subsidiary bodies in order to draw elements for development perspectives to reach operational conclusions and recommendations to determine the direction of new work.

The Commissions will perform integrated policy work in their respective areas of competence. They will meet once a year unless otherwise decided by the Board. Sessions of the Commissions should be as short as possible and not exceed five days. The Commissions will have specific mandates and greater delegation of decision-making on matters of substance.

108. The Board shall have the following three Commissions: the Commission on Trade in Goods and Services, and Commodities; the Commission on Investment, Technology and Related Financial Issues; and the Commission on Enterprise, Business Facilitation and Development.

109. The Commission on Trade in Goods and Services, and Commodities will deal with the areas defined in paragraph 91. Within these areas, it will deal with the issues identified in paragraph 91 (i)-(ii), (iv)-(v).

110. The Commission on Investment, Technology and Related Financial Issues will deal with the areas defined in paragraphs 87-91. Within these areas, it will deal with the issues identified in paragraphs 89 (a)-(g) and 91 (iii); 89 (k)-(m); and 87 (i).

111. The Commission on Enterprise, Business Facilitation and Development will deal with the areas defined in paragraphs 88-90, 92-94 and 86-87. Within these areas, it will deal with the issues identified in paragraphs 89 (h)-(j), 94, and 87 (i)-(iii).

112. The Conference decides that an executive session of the Board should be convened, not later than 10 July 1996, in order to establish the above three Commissions and to identify, in accordance with the relevant Board resolution 352 (XXXIV) of 20 November 1987, two agenda items from their respective priority issues for their first sessions.

113. The measures and recommendations agreed upon at the Mid-Term Global Review on the Implementation of the Programme of Action for the Least Developed Countries for the 1990s should be fully implemented so as to ensure the success of the Paris Programme of Action. Although LDC issues will forthwith be considered throughout the intergovernmental machinery, the responsible entity in the secretariat of UNCTAD for the least developed, land-locked and small island developing countries should be shaped, staffed and equipped to allow it to coordinate the sectoral work, monitor the implementation of the Paris Programme of Action and other relevant United Nations programmes of action and provide inputs for review by the Trade and Development Board.

114. In order to benefit from a higher level of technical expertise, each Commission may convene expert meetings of short duration, not exceeding three days, the outcome of which need not be in the form of agreed conclusions. The

total number of expert meetings will not exceed 10 per annum. In the first year the Commission on Trade in Goods and Services, and Commodities may convene up to four expert meetings and the other two Commissions may each convene up to three expert meetings. For the following years, the Trade and Development Board will review the distribution of expert meetings among Commissions, taking appropriate account of the recommendations of the Commissions in this regard. Technical matters discussed at the expert level should be reported to the relevant parent body, which may transmit them to the Board as appropriate. It would be for the parent Commission to consider their findings and to discuss the policy implications. Commissions should, when appropriate, make the results of expert meetings called under their auspices available to other relevant Commissions. Expert meetings should receive from the parent Commission precise terms of reference. The expert meetings should be organized in the form and with the participation most conducive to the accomplishment of their tasks. Experts should be nominated by Governments, should have proven experience and would serve expert meetings in their personal capacities. Participation in expert meetings can be from the academic world, public and private sectors and non-governmental organizations. Special consideration should be given at the next regular session of the Trade and Development Board with a view to taking a decision on the question of improving the participation of developing country experts in UNCTAD meetings, including the question of financing their participation. Extrabudgetary resources for the financing of experts from the LDCs could be met from the proposed Trust Fund for LDCs.

115. The Conference confirms the convening of the Intergovernmental Group of Experts on International Standards of Accounting and Reporting.

116. The Conference invites the United Nations General Assembly and the Economic and Social Council to consider the relationship between the Commission on Science and Technology for Development and UNCTAD, taking account of the particular responsibilities of UNCTAD in this field, including its programme of work.

C. The involvement of non-governmental actors in UNCTAD activities

117. The Conference reaffirms the importance of involving non-governmental actors in the activities of UNCTAD. To this end, UNCTAD should continue to take into account their views by inviting them to participate, as appropriate, in an advisory capacity at public meetings of the Board and the Commissions and at expert meetings and to involve them in its activities.

118. In order to enhance further the participation of civil society and to build a lasting partnership for development between non-governmental actors and UNCTAD, the Conference requests the Secretary-General to pursue consultations with these actors, taking into account the experience of participation of civil society in other United Nations forums and international and regional organizations, and to report with recommendations to the Trade and Development Board.

119. The Conference notes with appreciation the Secretary-General's initiative to hold a meeting with actors in development to advise him. This meeting should

be financed from extrabudgetary resources. The Secretary-General is invited to inform the next regular session of the Board of preparations for this meeting and to report subsequently on its outcome.

D. Tenth session of the Conference

120. The Conference welcomes with appreciation the offer by the Government of Thailand to host the tenth session of the Conference in the year 2000.

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ADVANCEMENT OF WOMEN

Traffic in women and girls

Report of the Secretary-General

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I. INTRODUCTION

1. In its resolution 50/167 of 22 December 1995, the General Assembly requested the Secretary-General to submit at its fifty-first session a comprehensive report on the implementation of the resolution, with due regard for possible measures to improve the reporting procedure.

2. The Secretary-General considers that the present report is comprehensive in seeking to deal with all aspects of the issue. In order to prepare it, he has built on his report to the General Assembly at its fiftieth session (A/50/369), which was also made available to the Commission on Human Rights at its 1996 session. In order to assess implementation of resolution 50/167, a note verbale was addressed to all Member States requesting information on implementation. As of 22 August 1996, replies were received from 19 Member States. 1/ The information contained in these replies has been incorporated into the various sections of the present report. Information was also requested from organizations of the United Nations system and that received has also been incorporated into the report. 2/

II. NATURE OF THE PROBLEM

A. Beijing Declaration and Platform for Action

3. While the issue of trafficking has been a matter of international concern for many years, concern for it is growing. The Platform for Action adopted by the Fourth World Conference on Women at Beijing on 15 September 1995, 3/ states:

> "The effective suppression of trafficking in women and girls for the sex trade is a matter of pressing international concern. Implementation of the 1949 Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others [General Assembly resolution 317 (IV), annex], as well as other relevant instruments, needs to be reviewed and strengthened. The use of women in international prostitution and trafficking networks has become a major focus of international organized crime. The Special Rapporteur of the Commission on Human Rights on violence against women, who has explored these acts as an additional cause of the violation of the human rights and fundamental freedoms of women and girls, is invited to address, within her mandate and as a matter of urgency, the issue of international trafficking for the purposes of the sex trade, as well as the issues of forced prostitution, rape, sexual abuse and sex tourism. Women and girls who are victims of this international trade are at an increased risk of further violence, as well as unwanted pregnancy and sexually transmitted infection, including infection with HIV/AIDS."

In its strategic objective D.3, "Eliminate trafficking in women and assist victims of violence due to prostitution and trafficking", 4/ the Platform calls for the following actions to be taken by Governments of countries of origin, transit and destination, regional and international organizations, as appropriate:

"(a) Consider the ratification and enforcement of international conventions on trafficking in persons and on slavery;

"(b) Take appropriate measures to address the root factors, including external factors, that encourage trafficking in women and girls for prostitution and other forms of commercialized sex, forced marriages and forced labour in order to eliminate trafficking in women, including by strengthening existing legislation with a view to providing better protection of the rights of women and girls and to punishing the perpetrators, through both criminal and civil measures;

"(c) Step up cooperation and concerted action by all relevant law enforcement authorities and institutions with a view to dismantling national, regional and international networks in trafficking;

"(d) Allocate resources to provide comprehensive programmes designed to heal and rehabilitate into society victims of trafficking, including through job training, legal assistance and confidential health care, and take measures to cooperate with non-governmental organizations to provide for the social, medical and psychological care of the victims of trafficking;

"(e) Develop educational and training programmes and policies and consider enacting legislation aimed at preventing sex tourism and trafficking, giving special emphasis to the protection of young women and children."

B. Concept of trafficking

4. What is encompassed within the concept of trafficking and the exploitation of the prostitution of others is set out in articles 1 and 2 of the 1949 Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others. 5/ That Convention refers to actions both national and international, indicating that the phenomenon must be seen at both levels. The concern of the United Nations is primarily at the international level, but there are clear links with national action. It should be noted, however, that since 1949 the concept of trafficking has been extended to include trafficking for the purpose of other forms of exploitation of women. Thus, for example, article 6 of the Convention on the Elimination of All Forms of Discrimination against Women states: "States Parties shall take all appropriate measures, including legislation, to suppress all forms of traffic in women and exploitation of prostitution of women". 6/

5. This wider view of trafficking and exploitation is reflected in the Beijing Declaration and Platform for Action, which also includes forced marriages and forced labour within the concept, and it is the wider view that is used in the present report.

6. As noted in the Platform for Action, concern for the issue of trafficking has been heightened by a number of factors. First, the increasing ease of international travel and the growing phenomenon of temporary migration for

work 7/ have meant that opportunities for traf[illegible]ficking have increased. Second, the increasing gaps between rich and poor both within countries and between regions 8/ have meant that many women have bec[illegible]me more subject to trafficking in view of their economic circumstances and their hopes for increased income for themselves and their families. Third, the gro[illegible]wth of transnational crime involved in a variety of trafficking, includin[illegible]g of drugs, has meant that these networks have also expanded into trafficking f[illegible]or the purpose of prostitution and other forms of exploitation. 9/

C. Trafficking of children

7. There has also been a rapidly growing int[illegible]ernational concern to deal with the specific problem of trafficking in childre[illegible]n, in part because the problem is clearly a major violation of international hum[illegible]an rights law. Trafficking in children, for any purpose, is explicitly prohi[illegible]bited under articles 34 and 35 of the Convention on the Rights of the Child (Gen[illegible]eral Assembly resolution 44/25, annex) and is universally condemned. The proh[illegible]ibition clearly extends to the girl child. The perceived dimensions of the p[illegible]problem have led Member States to begin work on a draft optional protocol to tha[illegible] Convention to deal explicitly with the sale of children, child prostitution [illegible] and child pornography.

8. The problem of traffic in girls is regula[illegible]rly considered by the Committee on the Rights of the Child in its dialogue with S[illegible] States parties to the Convention on the Rights of the Child, particularly in terms [illegible] of article 34 (protection of the child from all forms of sexual exploitation an[illegible] sexual abuse) and 35 (prevention of the abduction of, the sale of or traffic in [illegible] children). The Committee, when considering reports submitted by States on the [illegible] implementation of the Convention, has on many instances expressed in its conclud[illegible] while appreciating its concern about this problem and made recommendations includin[illegible] legislative measures (such as the reassessment of the effectiveness of prese[illegible] laws and regulations on application of children in child pornography; the encourageme[illegible] to fully implement the Convention (in the Suppression of the Traffic in Persons and [illegible] particular of its implementation of the Prostitution of Others); studies into the root[illegible] causes of sexual abuse); the development of awareness-raising and education[illegible] educational measures to prevent the occurrence of the problem; the training of pro[illegible] professionals involved in the issue, in particular law-enforcement officials and so[illegible] social workers; and the need to accord high priority to the investigation of cases in[illegible] and to provide adequate protection to the development of rehabilitation and reintegr[illegible] child victims, including through the of sexual abuse and exploitation. The importa[illegible] mechanism of international cooperation particularly technical assistance and advice, [illegible] (which has been affected by the Committee in that connection.

9. In addition to its consideration of repor[illegible] by States parties, the Committee on the Rights of the Child has also [illegible] devoted attention to the problem of child trafficking in the framework of its th[illegible] general discussions, in particular those devoted to the economic exploitation of [illegible] the child, the role of the family in the promotion of the rights of the child, a[illegible] the girl child. It has participated in the preparatory work of the Wo[illegible]rld Congress against the Commercial Sexual Exploitation of Children sche[illegible]duled to take place at Stockholm in August 1996. It has also participated in th[illegible] work of the working group of the Commission on Human Rights on the elaborat[illegible]ion of a draft optional protocol

/...

to the Convention on the Rights of the Child on the sale of children, child prostitution and child pornography, and has stressed in this context the need for increasing cooperation between the different United Nations mechanisms competent in the area.

10. In addition, the Secretary-General has submitted to the Commission on Crime Prevention and Criminal Justice at its fifth session a report on children as victims and perpetrators of crime (E/CN.15/1996/10). That report included the views of Member States on the elaboration of an international convention on the illicit traffic in children. In its resolution 1996/26 of 24 July 1996, the Economic and Social Council, inter alia, requested the Secretary-General to continue to gather the opinions of Governments on the elaboration of an international convention or conventions on the illicit traffic in children and to conduct a survey, on the basis of existing international conventions, analysing the extent to which children are protected from becoming victims of illicit international trafficking, for submission to the Commission on Crime Prevention and Criminal Justice at its sixth session.

11. The International Labour Organization (ILO) has undertaken some research into aspects of the problem of trafficking in children. In its reply to the Secretary-General's request for information, it notes that in Asia there have been reports in recent years of children from Bangladesh, China, the Democratic People's Republic of Korea, Myanmar, Nepal, Pakistan, Sri Lanka, Thailand and Viet Nam being trafficked to Malaysia, Singapore and Thailand and also to Europe, Japan and the United States. It indicates that it is not easy to assess the increase in reporting on the problem is a reflection of the fact that the problem is growing or whether it is a result of increased attention to the problem at national, regional and international levels. It goes on to state that there are reasons to believe, however, that Asia's tremendous economic growth in recent years may have contributed to the aggravation of the problem. It further states that its research shows that, in the short term, development is likely to increase migration, both legal and illegal by nature, rather than to reduce it.

12. ILO, under its International Programme on the Elimination of Child Labour, has developed a programme proposal that is expected to begin in a preparatory phase in August 1997, to address the prevention of trafficking in children, in Asian countries. The ILO proposes to develop and implement a comprehensive programme to tackle trafficking in children at the country and subregional level.

13. The comprehensive programme to stop trafficking in children in Asia will include:

(a) Action-oriented research to improve an understanding about the nature and magnitude of the problem, review the existing responses and design strategies to prevent trafficking in children at country and subregional levels;

(b) The investigation of the practices, rescue operations, provision of multidisciplinary rehabilitation programmes (health care, counselling, education and training, social integration);

(c) Conducting awareness campaigns at local, national and regional level;

(d) Setting up common inter-country mechanisms to tackle the trafficking problem in both the sending and receiving countries, including the provision of safe and protective repatriation programmes, and bringing those involved in trafficking to prosecution;

(e) Creating the environment for a social movement at the national, regional and international levels to stop trafficking.

14. The programme has two main objectives:

(a) To prevent trafficking in children by launching a comprehensive programme to stop trafficking in children at country and subregional levels;

(b) To increase the capacity of governmental and non-governmental organizations to stop cross-borders trafficking in children in Asian countries by developing policy to prevent child trafficking and implementing demonstrative projects at local, national and subregional levels.

A. National legal norms

20. All of the replies received from Governments indicated that steps had been taken to ensure that national laws penalize trafficking. This is consistent also with reports provided by States parties to the Convention on the Elimination of All Forms of Discrimination against Women with regard to article 6 of that Convention, in which all of those reporting indicate that legal measures have been taken.

21. From replies received for the present report, trafficking in women and girls is variously covered by provisions of the national constitution and the penal code in Australia, Bahrain, Belgium, Colombia, Cyprus, Germany, Greece, Iceland, Kuwait, Malta, Mexico, Morocco, the Philippines, Spain, the Syrian Arab Republic, Turkey and the United States of America.

22. Several countries extend the jurisdiction of domestic law to cover actions of their citizens in other countries when those actions would be penalized if undertaken nationally, particularly with regard to engaging in sexual conduct with minors.

B. International legal norms

23. As noted in the report of the Secretary-General to the General Assembly at its fiftieth session (A/50/369), there are 26 main international conventions that address the issue of trafficking.

24. The 1949 Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others continues to be the main international convention on the subject. Consideration by States to ratify or accede to this Convention has been a feature of many resolutions on trafficking, as well as in recommendations made by the Commission on Human Rights and its subsidiary bodies and by the Fourth World Conference on Women. However, after 47 years, only 71 States have become party to the Convention. Between 1951 and 1960, 27 States became party; between 1961 and 1970, 11 States; between 1971 and 1980, 10; and between 1981 and 1990, 11. Since 1991, 10 more States have become party. Although [illegible] have subscribed to States [illegible] have not yet [illegible] to the Convention, [illegible] the Convention [illegible] to [illegible] Additional Protocol [illegible] Association and Stabilization [illegible] to the Convention.

25. States that are party to the Convention are required to adopt the necessary legislative and other measures to ensure its application.

26. For others, ratification is problematic because of the apparent effect of some provisions of the Convention. For example, in its reply, the Government of Australia notes:

> "On the suppression of the traffic in persons and of the exploitation of the prostitution of others, although this Convention does not require that acts of prostitution be criminalized, several of its provisions have the indirect effect of making the practice of prostitution illegal. Such provisions run counter to the legislation in some States and territories.

> In its views, these provisions also blur the distinction between voluntary and coerced prostitution. To consider voluntary sex work and coercive prostitution as the same issue, and therefore demand the outlaw of prostitution per se, is to view prostitution as a moral issue and to consider sex workers as people unable to make informed decisions on their life. Such a view is paternalistic and raises serious human rights implications. Further, criminalization of the voluntary sex industry fosters conditions of violence against women sex workers. It facilitates the underground sex industry, leaving women with little or no legal redress for abuse experienced during work and militates against such workers seeking police intervention in abusive situations. In terms of industrial matters, criminalization of voluntary prostitution also creates the conditions for women to be exploited in terms of pay and conditions by employers as industrial regulation is prohibited. This is particularly critical in relation to occupational health and safety laws, particularly given the danger of sexually transmitted diseases."

27. The 1949 Convention does not include a regular monitoring system for compliance by States parties. Under its article 21:

> "The Parties to the present Convention shall communicate to the Secretary-General of the United Nations such laws and regulations as have already been promulgated in their States, and thereafter annually such laws and regulations as may be promulgated, relating to the subjects of the present Convention, as well as all measures taken by them concerning the application of the Convention. The information received shall be published periodically by the Secretary-General and sent to all Members of the United Nations and to non-member States to which the present Convention is officially communicated ..."

28. In practice, the Working Group on Contemporary Forms of Slavery of the Subcommission on the Prevention of Discrimination against Minorities of the Commission on Human Rights has undertaken to review information received under the 1949 Convention at various points.

29. In addition, the Secretary-General, in the context of the implementation of Economic and Social Council resolution 1983/20 of 26 May 1983 on the suppression of the traffic in persons, has submitted a number of reports on the subject containing information provided by Member States, United Nations organizations and other intergovernmental organizations in 1985, 1990, 1991, 1992, 1993 and 1994. Over 40 Member States provided information of some sort in these reports.

30. As noted previously, article 6 of the Convention on the Elimination of All Forms of Discrimination against Women deals with trafficking. In reviewing reports of the some 153 States parties to that Convention, the Committee on the Elimination of Discrimination against Women has the authority to ask questions regarding State compliance with article 6. During the period 1991-1996, 63 periodic reports were submitted by 58 States. Of the 63 reports, 80 per cent provided information on elements of article 6. However, slightly less than half of the reports mentioned trafficking at all and less than a quarter provided information on measures taken to address trafficking. A larger number of reports mentioned prostitution without reference to trafficking.

31. As an example of the type of analysis of trafficking that can be included in a State party report, the combined first and second periodic report submitted by Belize in 1995 to the Committee on the Elimination of Discrimination against Women (CEDAW/C/BLZ/1-2) noted that there were laws to deal with both prostitution, as a misdemeanour, and in terms of brothel-keeping. The report, however, stated that "there is no direct legislation that specifically prohibits trafficking in prostitution or the exploitation of prostitutes. An exception is the detention of sex workers who are illegal migrants in Belize, and this action is by virtue of their illegal residency and employment, rather than due to the nature of their activity". The report examines some of the economic factors that lead to the existence of prostitution, including tourism and the existence of military bases.

32. In its constructive dialogue, on several periodic reports considered by it at its last session, the Committee mentioned trafficking only briefly as an element of prostitution. It did not pursue the issue of trafficking per se. The Committee, however, adopted general recommendations 12 and 19 on violence against women. While general recommendation 12 does not mention trafficking, in its comments on article 6, general recommendation 19, 11/ notes that:

> "14. Poverty and unemployment increase opportunities for trafficking in women. In addition to established forms of trafficking there are new forms of sexual exploitation such as sex tourism, the recruitment of domestic labour from developing countries to work in developed countries and organized marriages between women from developing countries and foreign nationals. These practices are incompatible with the equal enjoyment of rights by women and with respect for their rights and dignity. They put women at special risk of violence and abuse.
>
> "15. Poverty and unemployment force many women, including young girls, into prostitution. Prostitutes are especially vulnerable to violence because their status, which may be unlawful, tends to marginalize them ...
>
> "16. Wars, armed conflicts and the occupation of territories often lead to increased prostitution, trafficking in women and sexual assault of women, which require specific protective and punitive measures."

33. In its specific recommendations, 12/ the Committee recommends:

> "...
>
> "(g) Specific preventive and punitive measures are necessary to overcome trafficking and sexual exploitation;
>
> "(h) States parties in their reports should describe the extent of all these problems and the measure, including penal provisions and preventive and rehabilitation measures, that have been taken to protect women engaged in prostitution or subject to trafficking and other forms of sexual exploitation. The effectiveness of these measures should also be described."

IV. CURRENT APPROACHES AND MEASURES TO ADDRESS TRAFFICKING

34. Over the past year, a number of United Nations bodies have addressed the issue of trafficking and from this new approaches and measures are emerging. The Commission on the Status of Women, the Commission on Human Rights, the Commission on Crime Prevention and Criminal Justice and ILO have all undertaken various initiatives.

A. Commission on the Status of Women

35. At its fortieth session, the Commission on the Status of Women adopted resolution 40/4 13/ on traffic in women and girls. In that resolution, the Commission called for the implementation of the Platform for Action of the Fourth World Conference on Women 14/ by Governments of countries of origin, transit and destination and regional and international organizations, and reiterated the actions contained in paragraph 130 of the Platform for Action.

36. In the same resolution, the Commission encouraged Governments, relevant organizations and bodies of the United Nations system, intergovernmental organizations and non-governmental organizations to gather and share information relative to all aspects of trafficking in women and girl children in order to facilitate the development of anti-trafficking measures, and to adopt appropriate measures to create wider public awareness of the problem, and called upon them to take appropriate measures to prevent the misuse and exploitation by traffickers of such economic activities as the development of tourism and the export of labour. It decided to remain seized of the matter and to examine, at its forty-second session, the reports of the Special Rapporteurs and relevant organizations and bodies, with a view to making appropriate recommendations to the General Assembly at its fifty-third session, through the Economic and Social Council.

B. Commission on Human Rights

37. The Commission on Human Rights, at its fifty-second session, adopted two resolutions that are particularly pertinent to the issue of trafficking in women and girls. In its implementation of, and follow up to General Assembly resolution 50/167 on traffic in women and girls, the Commission had before it the report of the Secretary-General from the fiftieth session of the General Assembly (A/50/369). The Commission welcomed, in its resolution 1996/24, initiatives and action taken by other intergovernmental bodies and events. It concurred with the conclusions on the issue contained in the Platform for Action adopted at the Fourth World Conference on Women, and called upon Governments to implement the actions contained in paragraph 130 (a) to (e) of the Platform. 14/ It also invited relevant intergovernmental and non-governmental organizations to provide advisory services to Governments, upon their request, in planning and setting up rehabilitation programmes for victims of trafficking and in training, particularly human rights training for personnel who will be directly involved in the implementation of these programmes. The Commission will continue consideration of the issue at its fifty-third session, and requested that the report of the Secretary-General on the implementation of Assembly resolution

50/167, which will be before the Assembly at its fifty-first session, be provided to it.

38. In its resolution 1996/61 entitled "Contemporary forms of slavery", the Commission approved the draft programme of action for the prevention of the traffic in persons and the exploitation of the prostitution of others, which had been prepared by the Working Group on Contemporary Forms of Slavery at its twentieth session in 1995 (E/CN.4/Sub.2/1995/28/Add.1). In approving the draft programme, the Commission took note of differences between States in the scope of applicability of their criminal legislation with regard to, inter alia, prostitution and the production, distribution and possession of pornographic material. The Commission also invited all Member States to consider the possibility of taking appropriate action for the protection of particularly vulnerable groups, such as children and migrant women, against exploitation by prostitution and other slavery-like practices, including the possibility of establishing national bodies to achieve this objective.

39. At its twentieth session, from 19 to 28 April 1995, the Working Group on Contemporary Forms of Slavery had considered the issue of trafficking in women and girls within the context of traffic in persons and the exploitation of the prostitution of others. The members of the Working Group examined views and comments on the problem and discussed the issue based on information received from several organizations including ILO, Anti-Slavery International (ASI), International Fellowship of Reconciliation (IFOR) and Action for Children Campaign (ACC) on the implementation and follow-up to the Convention on the Abolition of Slavery and the Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others. The members of the Working Group, pursuant to paragraph 13 of Commission on Human Rights resolution 1995/27, 15/ reviewed the draft programme of action for the prevention of traffic in persons and the exploitation of the prostitution of others from many perspectives and expressed the view that traffic in persons and the exploitation of the prostitution of others must arouse the concern of the international community not only because they remained rife in various parts of the world but also because they were acquiring new forms and were being pursued on an industrial scale to a dangerous extent and that it was necessary to develop a political and social will to combat and eliminate the problem.

40. The Programme of Action for the Prevention of Traffic in Persons and the Exploitation of the Prostitution of Others (E/CN.4/Sub.2/1995/28/Add.1), which was approved by the Commission in its resolution 1996/61, proposed that, in order to prevent the traffic in persons and exploitation of the prostitution of others, international cooperation must be strengthened and concerted measures adopted with respect to information and economic and technical assistance in order to promote the establishment of development and rehabilitation programmes at the national, regional and international levels. Likewise, legislative measures must be adopted and enforcement of existing legislation must be strengthened. In this regard, it recommended that coordination of the programme of action should be carried out by the Centre for Human Rights in cooperation with the other sections of the United Nations Secretariat, and in particular the Division for the Advancement of Women, the Committee on the Elimination of Discrimination against Women and the Division of Crime Prevention and Criminal Justice, and with concerned intergovernmental agencies, particularly the Office

of the United Nations High Commissioner for Refugees (UNHCR), the United Nations Children's Fund (UNICEF), ILO, the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the World Health Organization (WHO). It also recommended that cooperation should be strengthened with the International Criminal Police Organization (INTERPOL).

41. The Programme suggests measures relating to information and education, legal measures and law enforcement, rehabilitation and reintegration and international coordination.

42. On the question of regulations and international action, the Programme states (E/CN.4/Sub.2/1995/28/Add.1, paras. 39-42):

> "39. The States parties to the 1949 Convention for the Suppression of the Traffic in Persons and the Exploitation of the Prostitution of Others should take all necessary steps to ensure its implementation. They should be encouraged to transmit regularly reports to the Secretary-General on the implementation of the Convention. States which were not yet party to the Convention should examine the possibility of acceding to it.
>
> "40. All States should take necessary steps to implement the standards and principles that prohibit and punish the traffic in persons and the exploitation of the prostitution of others and report on their national legislation and enforcement in practice of such standards and practices.
>
> "41. All United Nations bodies that consider questions connected with the traffic in persons and the exploitation of the prostitution of others should examine the problems involved in the application of the standards and principles relating to these practices. To that end, a seminar should be organized by the Centre for Human Rights, with the participation of experts from various parts of the world, intergovernmental organizations (WHO, UNESCO, INTERPOL, ILO, UPU and ITU) and non-governmental organizations, as well as United Nations bodies such as UNICEF, the Committee on the Elimination of Discrimination against Women, the Division for the Advancement of Women and the [Division for] Prevention and Criminal Justice ...
>
> "42. The Human Rights Committee, the Committee on Economic, Social and Cultural Rights, the Committee on the Elimination of Discrimination against Women and the Committee on the Rights of the Child, as well as other bodies established under human rights treaties, should be invited, when they examine reports submitted by States parties, to pay all due attention to the elimination and suppression of the traffic in persons and the exploitation of the prostitution of others."

C. Commission on Crime Prevention and Criminal Justice

43. The Secretary-General submitted a report on measures to combat smuggling of illegal migrants (E/CN.15/1996/4 and Add.1) to the Commission on Crime Prevention and Criminal Justice at its fifth session. The report was the third of a series on the matter, the first report of which (A/49/350 and Add.1)

provided a comprehensive overview of the background and scope of the problem of alien smuggling, as well as information on measures and initiatives taken and envisaged to combat the smuggling of aliens; its second report (E/CN.15/1995/3) as well as its third provided additional information on measures, drawing on feedback provided by Governments.

44. During its discussion of the issue, 16/ the Commission reviewed some of the manifestations of and trends in the smuggling of illegal migrants in different parts of the world. The Commission found that an increasing number of States were being used as transit points for such activity; and that the time it took for smuggled migrants to move on from the transit points was becoming longer. In some countries of destination, violence against migrants was reported to be an increasingly serious problem, manifested in racist and xenophobic crimes. There were also increasingly serious problems involved in the trafficking of women, including violence against trafficked women who did not turn to authorities for assistance, for fear of discovery and deportation.

45. A draft resolution on criminal justice action to combat the organized smuggling of illegal migrants across national boundaries was withdrawn by the sponsors, but work on this topic will continue in the next session of the Commission, on the basis of previous mandates.

D. National measures

46. In paragraphs 2 to 6 of its resolution 50/167, the General Assembly requested Governments to undertake measures to address the issue of trafficking in women and girls. In analysing the responses of the 19 Member States responding to the request for information on the implementation of this resolution, the comments and views of Governments have been considered in terms of prevention, protection and rehabilitation and other actions.

Prevention

47. In paragraph 2 of resolution 50/167, the General Assembly appealed to Governments to take appropriate measures to address the root factors, including external factors, that encourage trafficking in women and girls for prostitution and other forms of commercialized sex, forced marriages and forced labour. In paragraph 3, the Assembly invited Governments to combat trafficking through nationally and internationally coordinated measures. Most of the countries replying identified the need to take preventive measures against trafficking through legislation. While a few countries indicated that they had initiated studies on the causal factors with the aim of developing appropriate preventive legislation, others referred to the constitution and penal code as providing measures to deter traffickers. However, the replies suggest that these laws focus largely on traffic in and prostitution of minors.

48. Several countries identified what they considered to be the root causes of trafficking in their replies and fewer indicated that they had taken measures targeted at eliminating the root factors. Only a few countries reported setting up both national and transnational preventive measures to deter their citizens from trafficking and other forms of sexual exploitation and commercialization of

women and girls both within and beyond their country. Most of the countries indicated that they had established bilateral, regional or multilateral agreements to address the problem of trafficking or indicated a willingness to support international cooperative and coordinating efforts to address the issue of trafficking.

49. Only two of the countries responding had considered preventive measures that addressed the broad spectrum of activities that constitute trafficking including forced marriages, forced labour, sex trade, sex tourism and other forms of exploitation of women and girls. A few countries indicated that they had strengthened criminal codes to penalize nationals who had engaged in sexual exploitation of minors in other countries.

Protection and rehabilitation

50. Recognizing the need to protect and assist victims of trafficking, the General Assembly, in paragraphs 3 to 5 of resolution 50/167, invited Governments to establish or strengthen institutions for the protection of the victims of trafficking in women and children, and to ensure for victims necessary assistance, including legal support services that were linguistically and culturally accessible for their full protection, treatment and rehabilitation. It further invited Governments to consider the development of standard minimum rules for the humanitarian treatment of trafficked persons, consistent with human rights standards, and to support comprehensive practical approaches by the international community to assist women and children victims of transnational trafficking to return home and be reintegrated into their home societies.

51. While many of the countries replying referred to national laws that protect their citizens from exploitation, only a few indicated that they had taken measures to provide assistance to victims of trafficking by organizing a documentation and weekly inspection programme for aliens, counselling/drop-in centres, safe residence/home or pilot rehabilitation project.

Other actions

52. Many of the countries providing information indicated renewed efforts to strengthen existing national legislation, training of police and other law enforcement agents to identify and respond to the growing problems of international trafficking. While a few countries indicated that they had set up task forces to address the problems of trafficking, many indicated a willingness to support internationally coordinated measures, while a few were studying the problem with a view to developing national measures that would address the issue of trafficking for prostitution.

53. A number of Governments indicated, inter alia, that there was a need to review, enact and enforce laws against trafficking, to institute stiff penalties for trafficking, including asset forfeiture, to share information regarding known and suspected trafficking and to mount public information programmes on the issue in source and destination countries. A few suggested the need for regional cooperative approaches to combat organized large-scale trafficking.

V. RECOMMENDATIONS ON FURTHER MEASURES FOR REPORTING

54. In its resolution 50/167, the General Assembly requested the Secretary-General to make recommendations on possible measures for improving the reporting procedure. Reporting on the implementation of international instruments is an important means of encouraging and monitoring State compliance with international norms.

55. It can be observed that, in terms of the two main international conventions that address trafficking in women and girls, the 1949 Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others and the Convention on the Elimination of All Forms of Discrimination against Women, the current reporting process does not adequately monitor either the dimensions of the issue or State compliance with international norms.

56. The 1949 Convention lacks a monitoring body to which reports should be sent and, moreover, involves less than half of the States Members of the United Nations as parties. The question might fairly be asked why this Convention is not succeeding in its original purpose. There are clearly elements in the treaty itself that make it difficult for many States to sign, ratify or accede to it. It may be opportune to consider the possibility of revising the treaty with a view to making it more effective in terms of both increasing the numbers of States parties and the creation of a regular reporting and monitoring mechanism.

57. It should be recognized, however, that the revision of such a treaty, as is often the case with international conventions, is a long process since it would imply a degree of renegotiation, the difficulty of which cannot at present be assessed, followed by a process of ratification. As an interim measure, Member States may wish to request the Secretary-General to seek information from States parties to the 1949 Convention, as well as to publicize and analyse the information provided as a means of encouraging further implementation by those States.

58. With regard to the Convention on the Elimination of All Forms of Discrimination against Women, where a regular reporting and monitoring mechanism exists, the issue is to ensure that States parties to that Convention report on measures taken to suppress trafficking. This type of reporting could, as in other areas where the treaty itself is not explicit as to the types of measures that should be taken, be assisted by guidance from the Committee on the Elimination of Discrimination against Women, as the monitoring body.

59. Responsibility within the Secretariat for supporting these two conventions is divided between the Centre for Human Rights for the 1949 Convention and the Division for the Advancement of Women with respect to the Convention on the Elimination of All Forms of Discrimination against Women. A regular exchange of information on reporting by States as part of the annual joint work plan between the two Secretariat units, as called for in Commission on the Status of Women resolution 39/5 and Commission on Human Rights resolution 1996/48 could assist the Centre in its support to the implementation of the Programme of Action for

the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others.

60. As is the case with traffic in children, which by definition includes the girl child, there is little reliable empirical information available on the extent and location of the problem of trafficking. At the international level, this could be addressed in part by including trafficking as one of the categories for reporting by Member States in the context of crime statistics.

61. Much of the existing information on trafficking has been assembled by concerned non-governmental organizations. Under existing procedures, these organizations should make this information available to the Committee on the Elimination of Discrimination against Women in the context of monitoring reports of States parties to that Convention, as well as to the Commission on Human Rights and its subsidiary bodies, in the context of monitoring the implementation of the 1949 Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others and other related conventions.

Notes

1/ Australia, Argentina, Bahrain, Belgium, Colombia, Cyprus, Greece, Germany, Iceland, Kenya, Kuwait, Malta, Mexico, Philippines, Spain, Syrian Arab Republic, Turkey, Ukraine, United States of America.

2/ Division for Crime Prevention and Criminal Justice, the Centre for Human Rights, the Department for Development Support and Management Services, the Institute for Research and Training for the Advancement of Women, the United Nations Population Fund and the International Labour Organization.

3/ A/CONF.177/20, chap. I, resolution 1, annex II, para. 122.

4/ Ibid., para. 130.

5/ Article 1 states:

> "The Parties to the present Convention agree to punish any person who, to gratify the passions of another:
>
> "1. Procures, entices or leads away, for purposes of prostitution, another person, even with the consent of that person;
>
> "2. Exploits the prostitution of another person, even with the consent of that person."

Article 2 states:

> "The Parties to the present Convention agree to punish any person who:

"1. Keeps or manages or knowingly finances or takes part in the financing of a brothel;

"2. Knowingly lets or rents a building or other place or any part thereof for the purpose of the prostitution of others."

6/ General Assembly resolution 34/180, annex.

7/ Trends in temporary migration were documented by the Secretary-General in his reports on violence against women migrant workers (A/49/354 and A/50/378).

8/ See, for example, the analysis of growing income differentials both within and between States in the 1996 Human Development Report.

9/ See Naples Political Declaration and Global Action Plan against Organized Transnational Crime (A/49/748, annex, sect. I.A) approved by the General Assembly in its resolution 49/159, especially the second and third preambular paragraphs, and paragraph 12 of the Declaration and Global Action Plan.

10/ See, for example, Asia Watch and the Women's Rights Project, "A Modern Form of Slavery: Trafficking of Burmese Women and Girls into Brothels in Thailand", New York, Human Rights Watch, 1991.

11/ Official Records of the General Assembly, Forty-seventh Session, Supplement No. 38 (A/47/38), chap. I, paras. 13-16.

12/ Ibid., para. 24.

13/ Official Records of the Economic and Social Council, 1996, Supplement No. 6 (E/1996/26), chap. I, sect. C.2.

14/ A/CONF.177/20 and Add.1, chap. I, resolution 1, annex II.

15/ Official Records of the Economic and Social Council, 1995, Supplement No. 3 (E/1995/23 and Corr. 1 and 2).

16/ Ibid., 1996, Supplement No. 10 (E/1996/30), para. 23.